GOVERNMENT OF INDIA
STEEL
LOK SABHA

STARRED QUESTION NO:75
ANSWERED ON:16.08.2007
RISE IN STEEL PRICES
Chitthan Shri N.S.V.;Verma Shri Ravi Prakash

Will the Minister of STEEL be pleased to state:

(a) whether the Government has assessed and reviewed the effect of the increasing prices of steel on the economy and particularly the construction industries during the last few years;

(b) if so, the details thereof alongwith the percentage of hike in steel prices during the last three years;

(c) whether the Government has convened a meeting of the Steel Price Monitoring Committee to review the price situation recently;

(d) if so, whether the Government proposes to re-introduce the Administered Price Mechanism for steel;

(e) if so, the details thereof and the outcome thereof;

(f) whether the Government has asked the steel producers not to hike prices especially for rural areas;

(g) if so, the response of the steel producers thereto; and

(h) the steps taken by the Government to reduce the steel prices?

Answer

MINISTER OF STATE IN THE MINISTRY OF CHEMICALS & FERTILIZERS AND MINISTER OF STEEL (SHRI RAM VILAS PASWAN)

(a)to(h): A Statement is laid on the Table of the Lok Sabha.

STATEMENT REFERRED TO IN REPLY TO PARTS (A) TO (H) OF THE LOK SABHA STARRED QUESTION NO.75 TO BE ANSWERED ON 16TH AUGUST, 2007 TABLED BY S/SHRI N.S.V. CHITTHAN AND SHRI RAVI PRAKASH VERMA, MEMBERS OF PARLIAMENT REGARDING RISE IN STEEL PRICES

(a)&(b): Ministry of Steel has not conducted any specific assessment on the effect of increasing price of steel on the economy and construction sector. However, the share of steel price in Wholesale Price Index (WPI), which captures price movements of various commodities, is 3.63656 %. Percentage price changes of some of the major steel products used in construction industry are given in Annexure − I.

(c) Yes, Sir. The last meeting of the Steel Price Monitoring Committee (SPMC) was held on 08.06.2007.

(d) No, Sir.

(e) Does not arise in view of (d) above.

(f)&(g): No direction has been issued by the Government regarding prices. However, in the last meeting of the Steel Price Monitoring Committee (SPMC) it was noted that prices of long products, which are widely used in rural areas, have increased by 9-12% in the last quarter. Measures such as containing the ex-factory prices by major producers and producing more of long products by augmenting capacity and by adjusting the product mix were discussed. With regards to steel price in rural areas, Steel Authority of India Ltd. (SAIL) and Rashtriya Ispat Nigam Ltd. (RINL) have decided to supply steel products of common use through their dealers covering all districts in the country, at prices as applicable in adjoining stockyards. The cost of transportation from the stockyard to the dealer location is borne by the SAIL and RINL.

(h) In a liberalized environment, the market forces determine the prices. However, Steel Price Monitoring Committee constituted by Government monitors and reviews the movement of steel price.

Annexure-I

Price Movement, with percentage change of various categories of steel at Mumbai retail market during the last three years.

(Rs./Tonne)

Product	July 2004	July 2005	July 2006	July 2007	Overall between July 2004 to July 2007
TOR/TOT(10 mm)	28000	27750 (-0.9%)	27000 (- 2.7%)	32000 (18.5%)	14.3%
Wire Rods(8 mm)	26600	26650 (0.2%)	27250 (2.3%)	31000 (13.8%)	16.5%
Rounds(16 mm)	26000	27250 (4.8%)	26250 (-3.7%)	30000 (14.3%)	15.4%
Plates (12 mm)	30750	29500 (-4.1%)	32000 (8.5%)	35000 (9.4%)	13.8%
HR Coil(2.5 mm)	30650	28500 (-7.0%)	32000 (12.3%)	35000 (9.4%)	14.2%
CR Coil(0.63 mm)	33250	34000 (2.3%)	33000 (-2.9%)	38500 (16.7%)	15.8%
GP Sheets(0.63 mm)	34250	38000 (10.9%)	38000 (0%)	40000 (5.3%)	18.8%

(Figures in the parenthesis indicate % age variation over the previous year.)